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## ABSTRACT

The major purpose of this study was to determine from human resource administrators in the business community the techniques now used in appraising exempt and nonexempt employee performance. Of the 1,000 administrators surveyed, 125 returned usable questionnaires for a response rate of 12.5 percent. The administrators reported that even though approximately one-half of the companies use the management by objective (MBO) appraisal method and approximately one-half use other methods, about 40 percent used both MBO and other methods. Major objectives of appraising employee performance were individual development, individual performance, wage and salary actions, assessment of training and development needs, and selection for promotion. Ninety percent reported that employer appraisals were conducted only by immediate supervisors. Approximately 85 percent indicated that they conduct formal appraisals only on an annual basis. All indicated that their formal appraisals were conducted in writing and were retained with the employees' personal records, which were accessible to all applicable supervisors and the appraised individual. Most used general experience to verify the reliability and validity of appraisal mechanisms. Most reported that federal regulations regarding nondiscriminatory personnel practices and individual rights to privacy have not caused firms to change prior practices in obtaining and using performance appraisal information. (YLB)

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**CURRENT PRACTICES  
IN APPRAISING EMPLOYEE PERFORMANCE  
AS PERFORMED BY THE BUSINESS COMMUNITY**

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May 1988

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# Chapter I

## Introduction

### Statement of the Problem

Practices in appraising employee performance change frequently in business firms, and have been influenced in recent years by federal legislation and new regulations. In order to determine which methods are currently being practiced, a select group of human resource administrators were asked to report how they currently appraise exempt and non-exempt employees. The survey revealed that a number of appraisal techniques are now being used in a variety of businesses in the United States.

The major purpose of this study is to determine from human resource administrators in the business community the techniques now used in appraising exempt and non-exempt employee performance. Specifically, the objectives of this study are as follows:

1. To determine from the business community what employee performance appraisal methods and competencies are needed by supervisory and management personnel.
2. To provide human resource personnel in business and industry an opportunity to evaluate the competencies that are presently being offered in the personnel management course at the collegiate level.
3. To revise the instruction in the employee appraisal process in order to stress further the competencies that were emphasized most in the project responses and to include competencies and approaches that were not previously covered in courses for students planning to enter management positions.

## **Significance of the Study**

The results of this study will allow teachers who give instruction in competencies for appraising employee performance an opportunity to become familiar with the competencies business students should obtain.

## **Assumptions Involved in the Study**

In designing the study the investigators accepted the Allport position: "When given the opportunity to express one's self, the individual can and will respond in a valid and reliable way" (Allport, 1953).

Since the data for this study will not directly affect the future of the respondents, it was assumed that they were not threatened by the questionnaire and that honest answers were elicited.

## **Limitations of the Study**

The following limitations were applicable to this study:

1. The study is limited to one hundred twenty-five responses from business personnel within the last year in the United States.
2. The specific conclusions made in this study will be limited to the sample groups, but like conclusions may be drawn to other groups with similar characteristics.

## **Organization of the Remainder of the Study**

The second chapter contains a review of pertinent literature related to current practices in appraising employee performance. The third chapter describes the population used, methods of collecting data, and the organization and analysis of data. Chapter Four presents the data and Chapter Five gives the summary, conclusions, and recommendations.

## Chapter II

### Review of the Literature

The performance of employees at all levels in organizations is constantly being appraised and evaluated by almost everyone. Supervisors must evaluate the progress of new employees and also assess the contributions of established individuals for purposes of wage and salary actions, promotions, and development. Douglas McGregor pointed out over thirty years ago that managers cannot escape making judgements about subordinates (McGregor 1957). Additionally, however, human resource planners must obtain assessments of the strengths, weaknesses, and readiness for advancement of persons in promotion channels. Training and development programs, to be effective, must be prepared to address identified knowledge and skills deficiencies of groups of employees. At all levels, individuals evaluate the performances of their peers and others in order to guide their own behaviors and assess the equity of their treatment in the organization.

The ubiquitous nature of performance appraisal leads most progressive firms to attempt to develop formalized, objective systems and to document appraisal results. Feldman (1981) has pointed out that, in addition to frequent informal evaluations of employees' performance, supervisors are required in most progressive firms today to prepare formal evaluations as a basis for personnel actions. Harper (1986), Romberg (1986), and Burchett and DeMeese (1985) have discussed some of the principal arguments for and against use of formal appraisal systems.

Despite the general use of formal systems, dissatisfactions with them are widespread (Momeyer, 1986). While the primary purpose of most systems is to improve performance, the term appraisal has been shown to carry a negative connotation (Harper, 1986). Wexley and Snell (1987) showed that employees respond favorably if supervisors display positive (reward) power, but react negatively if coercive power is exhibited. Momeyer (1986) found that supervisors commonly view appraisal systems as bureaucratic wastes of time; and Schneier, Beatty, and Baird (1986) found that expectations of appraisal systems are generally low throughout American industry.

Stress felt by supervisors has been shown to lead both to less variability and to more negative ratings (Srimivas and Motorvidlo, 1987). In an extensive survey of 60 upper level managers, Longenecker, Sims, and Sisia (1987) found that the managers freely admitted to either inflating or deflating their ratings, in order to achieve broader, politically motivated objectives. These researchers questioned whether accuracy is a realistic goal to pursue in appraisals.

Federal and state legislation, regulations, and court cases in recent years have vastly complicated the requirements and risks for firms that adopt formal systems (Martin, 1986; Romberg, 1986; Burchett and DeMeese, 1985; and Cascio and Bernardin, 1981). As firms have responded to the Supreme Court's ruling in 1971 on *Griggs vs. Duke Power*, which said that selection mechanisms must be validated, performance appraisal has been cast in a new role. As the principal measure of criteria against which selection predictions are compared, performance evaluations must be objective measures based on well-defined job standards.

Romberg (1986) has pointed out that, while firms have no legal obligation to adopt a formal appraisal system, if they voluntarily do so, they take on a contractual obligation to employees to make the system serve its stated purpose. She provides further evidence that appraisal systems are more likely to be accepted by the courts when they have been developed from careful job analysis. Martin (1986) has shown the importance not only of evaluating against specific job standards, but of providing thorough training for raters. Cascio and Bernardin (1981) provided a list of prescriptions for a performance evaluation system that would avoid most charges of discrimination.

Romberg (1986) stated the case that performance evaluations can have major effects on a person's future and entire career when they are used as a basis for personnel actions. Several scholars of the legal implications of performance appraisals have pointed out that, when appraisals are used as a basis for personnel actions (e.g., salary actions, promotions, discipline), they are subject to Title VII of the Civil Rights Act and to the Uniform Guidelines for Personnel Selection (Romberg, 1986; Burchett and Demeese, 1985; Cascio and Bernardin, 1981). These same writers point out that effective communication of both job standards and performance evaluations to employees are necessary, if discrimination charges are to be avoided and a realistic appeal procedure is to be provided.

Since Management by Objectives was first advocated by Peter Drucker in 1954, this approach to performance evaluation has become a popular one. Odiorne (1987) has argued that setting meaningful objectives requires that well-defined performance standards be established first, and that specific job design factors be taken into account. Others (Jacobson and Kaye, 1986; Kirkpatrick, 1986) have argued that performance appraisal and career development are separate functions, requiring coordination but utilizing different methods. They draw a distinction between appraisal now and career development for the future. They associate goal setting, principally, with future development, and cite a basic need for methods to appraise present strengths and weaknesses.

The collection and use of performance evaluation information has been complicated further by the Privacy Act of 1974. Under this act, evaluative information about employees must be held and released discreetly, and employees must be given opportunities to correct erroneous information in their records. Firms that release invalid, negative information can be subject to libel suits.

## Chapter III

### Methods and Procedures

#### Description of the Sample

Participants in the survey were obtained from the 1987 Membership Directory of the American Society of Personnel Administrators. One thousand questionnaires were sent to a random group of personnel administrators in the United States. One hundred twenty-five (125) administrators returned the questionnaire for a response rate of 12.5 percent.

#### Instrumentation

The instrument used to gather data in the survey was the "Survey of Current Practices in Appraising Employee Performance" questionnaire (see Appendices). Information requested on the questionnaire included the following areas: description of the company which the human resource director represents, appraisal methods used, objectives in appraising performance, who conducts appraisals, and employee rights.

#### Procedure

The questionnaires were distributed by mail to human resource administrators in corporations in the United States. A cover letter explaining the purpose of the study and need for a response was enclosed along with a self-addressed, business reply envelope. The questionnaires were completed during the latter part of Fall Semester 1987. A completion time of approximately two weeks was allowed for the return of the questionnaires.

## Chapter IV

### Findings

The results were determined by the analysis of the questionnaire. A summary of the data results from the questionnaire follows:

Human resource administrators from 125 companies completed and returned the questionnaires. The following results are based on the fact that 125 responses are equal to 100 percent.

#### Demographic Information

1. Title of person completing the questionnaire:

|                                    |    |
|------------------------------------|----|
| Human Resource Manager             | 18 |
| Personnel Manager                  | 18 |
| Director of Personnel              | 15 |
| Director of Human Resources        | 14 |
| Assistant Manager, Human Resources | 10 |
| Personnel Administrator            | 10 |
| Vice President                     | 10 |
| Director, Human Resources          | 5  |
| Human Resource Specialist          | 5  |
| Manager, Employee Development      | 5  |
| Vice President, Human Resources    | 5  |
| Administrative Manager             | 2  |
| Human Resource Representative      | 2  |
| Compensation Analyst               | 2  |
| Director, Compensation             | 2  |
| Other (1 each)                     | 7  |

2. Size of the company by number of employees:

|                |    |
|----------------|----|
| 0 - 500        | 60 |
| 501 - 1,000    | 20 |
| 1,001 - 2,000  | 16 |
| 2,001 - 5,000  | 13 |
| 5,001 - 10,000 | 6  |
| Over 10,000    | 10 |

3. Size of company by annual gross sales in \$000:

|                      |    |
|----------------------|----|
| \$5,001 -- \$10,000  | 1  |
| \$10,001 -- \$25,000 | 1  |
| \$25,001 -- \$50,000 | 2  |
| Over \$100,000       | 89 |

4. Type of company:

|               |    |
|---------------|----|
| Manufacturing | 67 |
| Service       | 26 |
| Merchandising | 7  |
| Financial     | 12 |
| Other         | 13 |

5. Location of response:

|                  |    |
|------------------|----|
| Corporation      | 70 |
| My location only | 55 |

6. Location of person completing the questionnaire:

|                |    |               |   |
|----------------|----|---------------|---|
| Illinois       | 13 | Colorado      | 2 |
| New York       | 10 | Texas         | 2 |
| New Jersey     | 9  | Wisconsin     | 2 |
| Pennsylvania   | 8  | Oklahoma      | 2 |
| Connecticut    | 6  | Washington    | 2 |
| Virginia       | 6  | Tennessee     | 2 |
| North Carolina | 6  | Alabama       | 1 |
| South Carolina | 6  | New Hampshire | 1 |
| Georgia        | 6  | Maine         | 1 |
| Ohio           | 6  | Indiana       | 1 |
| Florida        | 4  | Minnesota     | 1 |
| California     | 4  | North Dakota  | 1 |
| Kentucky       | 4  | Oregon        | 1 |
| Mississippi    | 4  | Arkansas      | 1 |
| Missouri       | 3  | Delaware      | 1 |
| Michigan       | 3  | Louisiana     | 1 |
| Arizona        | 2  |               |   |

## Report Body

(Based on questionnaire format and responses)

The following are the total numbers of responses to questions and represent all industries included in the survey:

\*\*\*\*\*

### Instructions

For each of the following questions and their sub-points, indicating personnel categories, please check all of the adjacent columns to which an answer of yes applies in your firm. NOTE: A question or sub-point may apply to any or all of the adjacent personnel categories. Similarly, more than one sub-point to a question may apply to the same personnel category.

1. Do you use a form of Management By Objectives System (MBO)?
2. Do you use formal appraisal methods other than MBO, such as:
  - (1) Classifications of performance factors, i.e., Quality -- Good, Fair, Poor

|     | EXEMPT                   |                          |                             |                             |                |       |          | NON-EXEMPT                  |       |
|-----|--------------------------|--------------------------|-----------------------------|-----------------------------|----------------|-------|----------|-----------------------------|-------|
|     | EXECUTIVE<br>SENIOR MGT. | EXECUTIVE<br>MIDDLE MGT. | EXECUTIVE 1ST<br>LEVEL MGT. | PROFESSIONAL<br>& TECHNICAL | ADMINISTRATIVE | SALES | CLERICAL | PRODUCTION &<br>MAINTENANCE | SALES |
| 1.  | 65                       | 57                       | 56                          | 56                          | 55             | 52    | 48       | 46                          | 46    |
| 2.  |                          |                          |                             |                             |                |       |          |                             |       |
| (1) | 55                       | 56                       | 56                          | 56                          | 55             | 53    | 57       | 59                          | 55    |

- (2) Ranking:
- Straight ranking overall
  - Straight ranking by performance factors
  - Other: \_\_\_\_\_
- (3) Numerical rating scales, i.e.,  
5 4 3 2 1
- (4) Behavior anchored rating scales (BARS)
- (5) Critical incidents
- (6) Weighted checklists
- (7) Forced choice statements
- (8) Other: \_\_\_\_\_
3. What are your objectives in appraising performance?
- (1) Individual development
  - (2) Individual motivation
  - (3) Wage/salary actions
  - (4) Assess training/development needs
  - (5) Selection for promotion
  - (6) Human resource planning
  - (7) Discipline
  - (8) Other: \_\_\_\_\_
4. Who conducts appraisals?
- (1) Immediate supervisor/superior
  - (2) Peers
  - (3) Subordinates
  - (4) Self
  - (5) Other: \_\_\_\_\_
5. Appraisal schedule/frequency:
- (1) Annual
  - (2) Twice/year
  - (3) More often: \_\_\_\_\_
  - (4) Coordinated with long range planning

|                                                        | EXEMPT                   |                          |                             |                             |                |       |          | NON-EXEMPT                  |       |
|--------------------------------------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|----------------|-------|----------|-----------------------------|-------|
|                                                        | EXECUTIVE<br>SENIOR MGT. | EXECUTIVE<br>MIDDLE MGT. | EXECUTIVE 1ST<br>LEVEL MGT. | PROFESSIONAL<br>& TECHNICAL | ADMINISTRATIVE | SALES | CLERICAL | PRODUCTION &<br>MAINTENANCE | SALES |
| (2) Ranking:                                           | 2                        | 2                        | 2                           | 2                           | 2              | 1     | 2        | 2                           | 1     |
| -Straight ranking overall                              | 17                       | 18                       | 18                          | 18                          | 18             | 16    | 17       | 16                          | 16    |
| -Straight ranking by performance factors               |                          |                          |                             |                             |                |       |          |                             |       |
| - Other: _____                                         |                          |                          |                             |                             |                |       |          |                             |       |
| (3) Numerical rating scales, i.e.,<br>5 4 3 2 1        | 31                       | 33                       | 33                          | 33                          | 29             | 27    | 28       | 28                          | 27    |
| (4) Behavior anchored rating scales (BARS)             | 4                        | 4                        | 4                           | 4                           | 4              | 3     | 4        | 4                           | 3     |
| (5) Critical incidents                                 | 4                        | 4                        | 4                           | 4                           | 4              | 3     | 4        | 4                           | 3     |
| (6) Weighted checklists                                | 2                        | 2                        | 2                           | 2                           | 2              | 2     |          |                             |       |
| (7) Forced choice statements                           |                          |                          |                             |                             |                |       |          |                             |       |
| (8) Other: _____                                       |                          |                          |                             |                             |                |       |          |                             |       |
| 3. What are your objectives in appraising performance? |                          |                          |                             |                             |                |       |          |                             |       |
| (1) Individual development                             | 95                       | 95                       | 95                          | 95                          | 95             | 91    | 94       | 91                          | 91    |
| (2) Individual motivation                              | 92                       | 92                       | 92                          | 95                          | 94             | 89    | 91       | 91                          | 88    |
| (3) Wage/salary actions                                | 95                       | 95                       | 94                          | 94                          | 93             | 90    | 91       | 92                          | 90    |
| (4) Assess training/development needs                  | 89                       | 90                       | 90                          | 90                          | 90             | 88    | 88       | 88                          | 87    |
| (5) Selection for promotion                            | 73                       | 74                       | 74                          | 74                          | 73             | 72    | 71       | 71                          | 70    |
| (6) Human resource planning                            | 43                       | 43                       | 43                          | 43                          | 43             | 41    | 41       | 41                          | 40    |
| (7) Discipline                                         | 18                       | 18                       | 18                          | 18                          | 18             | 18    | 18       | 18                          | 18    |
| (8) Other: _____                                       |                          |                          |                             |                             |                |       |          |                             |       |
| 4. Who conducts appraisals?                            |                          |                          |                             |                             |                |       |          |                             |       |
| (1) Immediate supervisor/superior                      | 100                      | 102                      | 103                         | 102                         | 102            | 97    | 100      | 98                          | 96    |
| (2) Peers                                              |                          |                          |                             |                             |                |       |          |                             |       |
| (3) Subordinates                                       |                          |                          |                             |                             |                |       |          |                             |       |
| (4) Self                                               | 5                        | 5                        | 5                           | 5                           | 5              |       | 6        |                             |       |
| (5) Other: _____                                       |                          |                          |                             |                             |                |       |          |                             |       |
| 5. Appraisal schedule/frequency:                       |                          |                          |                             |                             |                |       |          |                             |       |
| (1) Annual                                             |                          | 101                      | 101                         | 101                         | 98             | 94    | 95       | 94                          | 92    |
| (2) Twice/year                                         | 11                       | 11                       | 11                          | 11                          | 11             | 14    | 14       | 15                          | 14    |
| (3) More often: _____                                  |                          |                          |                             |                             |                |       |          |                             |       |
| (4) Coordinated with long range planning               | 2                        | 2                        | 2                           | 2                           | 2              | 2     | 2        |                             |       |

6. Bases for appraisals:
- (1) General observations by appraiser
  - (2) Performance against:
    - Performance standards
    - Budgets
    - Goals
    - Quotas
  - (3) Observed attitude and motivation
  - (4) Self-diagnosis
7. Are performance appraisals:
- (1) Informal - unwritten
  - (2) Written
  - (3) Retained with personnel records
8. Who has access to appraisal information?
- (1) Immediate supervisor/superior
  - (2) Any superior (in hierarchy)
  - (3) Appropriate personnel administrators
  - (4) The appraised individual
  - (5) Any interested person
9. For what purposes is appraisal information divulged to others than the appraised individual?
- (1) Selection/promotion
  - (2) Training/development
  - (3) Human resources planning
  - (4) Personnel/salary actions
  - (5) References for ex-employees
  - (6) Any reasonable request
  - (7) Other: \_\_\_\_\_
10. What methods are used to verify the reliability and validity of appraisal mechanisms?
- (1) General experience
  - (2) Statistical correlations

| EXEMPT                   |                          |                             |                             |                |       |          | NON-EXEMPT                  |       |
|--------------------------|--------------------------|-----------------------------|-----------------------------|----------------|-------|----------|-----------------------------|-------|
| EXECUTIVE<br>SENIOR MGT. | EXECUTIVE<br>MIDDLE MGT. | EXECUTIVE 1ST<br>LEVEL MGT. | PROFESSIONAL<br>& TECHNICAL | ADMINISTRATIVE | SALES | CLERICAL | PRODUCTION &<br>MAINTENANCE | SALES |
| 45                       | 46                       | 46                          | 46                          | 47             | 42    | 47       | 44                          | 42    |
| 56                       | 58                       | 58                          | 58                          | 56             | 55    | 56       | 57                          | 55    |
| 9                        | 9                        | 7                           | 5                           | 5              | 5     | 5        | 5                           | 5     |
| 45                       | 44                       | 44                          | 43                          | 43             | 43    | 39       | 39                          | 39    |
| 3                        | 3                        | 3                           | 1                           | 1              | 1     |          |                             |       |
| 31                       | 32                       | 32                          | 32                          | 32             | 30    | 31       | 30                          | 28    |
| 2                        | 2                        | 2                           | 2                           | 2              | 1     | 2        |                             | 1     |
|                          |                          |                             |                             |                |       |          |                             |       |
| 97                       | 98                       | 98                          | 98                          | 97             | 96    | 98       | 98                          | 98    |
| 96                       | 98                       | 99                          | 99                          | 99             | 97    | 99       | 97                          | 97    |
| 83                       | 83                       | 83                          | 83                          | 83             | 79    | 81       | 81                          | 79    |
| 74                       | 75                       | 75                          | 75                          | 73             | 73    | 73       | 73                          | 72    |
| 97                       | 97                       | 97                          | 97                          | 97             | 92    | 97       | 97                          | 90    |
| 98                       | 98                       | 98                          | 98                          | 98             | 94    | 95       | 92                          | 92    |
|                          | 1                        | 1                           | 1                           | 1              | 1     | 1        | 1                           | 1     |
|                          |                          |                             |                             |                |       |          |                             |       |
| 97                       | 98                       | 98                          | 98                          | 98             | 98    | 97       | 97                          | 95    |
| 78                       | 78                       | 78                          | 78                          | 78             | 77    | 77       | 76                          | 76    |
| 78                       | 78                       | 79                          | 78                          | 79             | 77    | 77       | 77                          | 76    |
| 88                       | 88                       | 88                          | 88                          | 88             | 86    | 86       | 85                          | 84    |
|                          |                          |                             |                             |                |       |          |                             |       |
|                          |                          |                             |                             |                |       |          |                             |       |
|                          |                          |                             |                             |                |       |          |                             |       |
|                          |                          |                             |                             |                |       |          |                             |       |
| 91                       | 92                       | 92                          | 92                          | 91             | 89    | 90       | 89                          | 89    |
| 9                        | 10                       | 10                          | 10                          | 9              | 9     | 9        | 9                           | 9     |

# Basis for Appraising Employee Performance by Industry

|                                     | Manufacturing |            |      | Service |            |      | Finance |            |      | Other  |            |      |
|-------------------------------------|---------------|------------|------|---------|------------|------|---------|------------|------|--------|------------|------|
|                                     | Exempt        | Non-Exempt | Both | Exempt  | Non-Exempt | Both | Exempt  | Non-Exempt | Both | Exempt | Non-Exempt | Both |
| 1. General Observations             | 1             | 7          | 37   | 2       | 2          | 10   | 0       | 0          | 8    | 0      | 0          | 13   |
| 2. Performance Against              |               |            |      |         |            |      |         |            |      |        |            |      |
| Performance Standards               | 12            | 2          | 36   | 1       | 2          | 15   | 0       | 1          | 11   | 0      | 2          | 13   |
| 1 2      Budgets                    | 35            | 0          | 5    | 11      | 0          | 0    | 5       | 0          | 3    | 8      | 0          | 3    |
| Goals                               | 30            | 0          | 17   | 8       | 0          | 7    | 3       | 0          | 7    | 5      | 0          | 9    |
| Quotas                              | 9             | 1          | 2    | 3       | 0          | 4    | 2       | 0          | 2    | 5      | 1          | 1    |
| 3. Observed Attitude and Motivation | 4             | 4          | 32   | 2       | 1          | 7    | 0       | 0          | 7    | 2      | 0          | 5    |
| 4. Self Diagnosis                   | 6             | 0          | 6    | 0       | 0          | 0    | 0       | 0          | 3    | 0      | 1          | 5    |

### Breakdown of Appraisal Methods by Industry

|                                                    | Manufacturing | Service | Finance | Other |
|----------------------------------------------------|---------------|---------|---------|-------|
| MBO Only                                           |               |         |         |       |
| MBO Exempt Only                                    | 3             |         | 1       |       |
| MBO Non-Exempt Only                                |               |         |         |       |
| MBO Exempt and Non-Exempt                          | 3             | 1       | 1       |       |
| Other Methods Only                                 |               |         |         |       |
| Other Methods Exempt Only                          |               |         |         |       |
| Other Methods Non-Exempt Only                      | 2             | 1       |         |       |
| Other Methods Exempt and Non-Exempt                | 16            | 8       | 5       | 4     |
| MBO Exempt and Other Methods Non-Exempt            | 9             | 2       | 1       | 3     |
| MBO and Other Methods Exempt and Non-Exempt        | 14            | 2       | 2       | 6     |
| MBO Exempt and Other Methods Exempt and Non-Exempt | 13            | 7       | 2       | 8     |
| MBO and Other Methods Exempt                       | 3             |         |         |       |
| No Methods Listed                                  | 2             | 1       |         | 1     |

### Objectives in Appraising Performance

|                                       | Manufacturing<br>(66) | Service<br>(22) | Finance<br>(14) | Other<br>(21) |
|---------------------------------------|-----------------------|-----------------|-----------------|---------------|
| Individual Development                | 62                    | 11              | 11              | 15            |
| Individual Motivation                 | 49                    | 9               | 10              | 13            |
| Wage and Salary Actions               | 55                    | 10              | 12              | 15            |
| Assess Training and Development Needs | 52                    | 9               | 6               | 11            |
| Selection and Promotion               | 47                    | 6               | 7               | 10            |
| Human Resource Planning               | 34                    | 4               | 4               | 9             |
| Discipline                            | 21                    | 3               | 8               | 8             |
| Other                                 | 2                     |                 |                 |               |

11. Have federal regulations regarding non-discriminatory personnel practices caused your firm to change prior practices in obtaining and using performance appraisal information?

Yes 21 No 95

Please Explain: Our company has always followed non-discriminatory practices in performance appraisal. Our company has recently made major efforts to become more objective in performance appraisal.

12. Have federal regulations regarding individuals' rights to privacy caused your firm to change prior practices in obtaining and using performance appraisal information?

Yes 14 No 100

Please Explain: Most companies require employee signature for release of information and indicated a major emphasis on confidentiality, discreteness and protection of employee records.

13. Have federal regulations regarding individuals' rights to know recorded information about them caused your firm to alter its policies?

Yes 22 No 95

Please Explain: Employees always have access to files following correct procedures. Companies emphasize employee right to view their personal file as well as an increased frequency of file review. Some companies ensure that employees receive a copy of their appraisal.

14. Comments: Most companies follow a general trend that ensures efforts are made to ensure employee rights.

## Chapter V

### Summary, Conclusions, and Recommendations

#### Summary

##### Purpose

The primary purpose of this study is to identify and analyze the competencies in the appraising of employee performance that human resource administrators feel should be taught in business classes.

##### Population and Instrumentation

The data was collected from human resource administrators who are listed in the Directory of the American Society of Personnel Administrators in the United States by means of a questionnaire. The questionnaire was administered during the Fall of 1987 after being developed and field tested by the researchers. A cover letter explaining the purpose of the study and the need for a response was enclosed along with a self-addressed business reply envelope. A completion time of approximately two weeks was requested of the respondents for the return of the questionnaire.

##### Data Collection

The questionnaires were completed by the human resource administrators. When completed, the questionnaires were returned to the researchers.

## Conclusions

Human resource administrators' reactions to the proposed content to be offered in preparation for the appraising of employee performance reveal the following observations:

1. The human resource administrators reported that even though approximately one-half of the companies use the MBO appraisal method and approximately one-half employ other methods of appraisal, about forty percent used both MBO and other methods.
2. Included among the major objectives of appraising employee performance are individual development; individual performance, wage and salary actions; assessment of training and development needs; and selection for promotion.
3. Ninety percent of the human resource administrators reported that employer appraisals are conducted only by immediate supervisors.
4. Approximately eighty-five percent of the human resource administrators indicated that they conduct formal employee appraisals only on an annual basis.
5. All of the human resource administrators who reported indicated that their formal appraisals were conducted in writing and were retained with the employees' personal records, which are accessible to all applicable supervisors and the appraised individual.
6. Most human resource administrators use general experience to verify the reliability and validity of appraisal mechanisms.
7. Most human resource administrators reported that federal regulations regarding non-discriminatory personnel practices and individual rights to privacy have not caused their firms to change prior practices in obtaining and using performance appraisal information. In addition, federal regulations regarding individuals' rights to privacy have not caused them to alter policies.

## **Recommendations**

Several implications are believed to be of importance in the making of recommendations of competencies to be stressed in a study of current practices in appraising employee performance. The following most frequently given recommendations of course content offerings are based upon the results of this study:

1. Students should be made aware that overall businesses use MBO and other employee assessment methods about 50-50, although MBO is employed mostly for exempt employees.
2. Students should know that included among the objectives of appraising employee performance are individual development, individual performance, wage and salary actions, assessment of training and development needs, and selection for promotion.
3. Students should be familiar with the people who conduct employee performance appraisals and when they are usually conducted.
4. Students should be prepared to conduct employee appraisals and know how they should be used by human resource administrators.
5. Students should be made aware that federal regulations which include non-discriminatory personnel practices, rights to privacy, and individual rights have not caused administrators to change prior practices and alter policies.

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## Appendices



Appalachian State University  
Boone, North Carolina 28608

Department of Management

704/262-2163

October 1, 1987

Dear Personnel Administrator:

We need your help with a national research project regarding the effects of federal legislation and regulations on performance evaluation practices in U.S. firms. Please read the following brief explanations and take a few minutes to respond to the enclosed short questionnaire.

Federal regulations since the 1960s have had wide-ranging effects on personnel practices nationally, especially with regard to the collection and use of personal information in selection and related personnel decisions. We would like to know more specifically what practices are currently being followed in appraising employee performances and how these practices may have been affected by regulatory constraints. We believe this information is important both to practicing personnel administrators and in business school teaching.

It is especially important to us as professors of management to update our courses with current information and to meet your needs for graduates who are trained in current, practical methods. Please share your experience and knowledge with us by completing the enclosed questionnaire and returning it to us by October 15. A business reply envelope is provided for your convenience.

Many thanks for your consideration and help.

Sincerely,

Thomas R. Allen

George E. Lyne

/ki  
Enclosures

# SURVEY OF CURRENT PRACTICES IN APPRAISING EMPLOYEE PERFORMANCE

Please provide the following information about your firm.

1. Position title and location of person completing the questionnaire:

Title: \_\_\_\_\_

Location (city and state): \_\_\_\_\_

2. Firm Size:

Approximate total number of employees: \_\_\_\_\_

Approximate annual gross sales: \$ \_\_\_\_\_

3. Type of operations covered by questionnaire (check appropriate space):

Manufacturing \_\_\_\_\_

Service \_\_\_\_\_

Merchandising \_\_\_\_\_

Financial \_\_\_\_\_

Other \_\_\_\_\_ Please clarify: \_\_\_\_\_

4. Location of corporate headquarters:

City: \_\_\_\_\_

State: \_\_\_\_\_

5. Do responses apply to corporation or only to your location?

Corporation \_\_\_\_\_

My location only \_\_\_\_\_

## Instructions

For each of the following questions and their sub-points, indicating personnel categories, please check all of the adjacent columns to which an answer of yes applies in your firm. NOTE: A question or sub-point may apply to any or all of the adjacent personnel categories. Similarly, more than one sub-point to a question may apply to the same personnel category.

1. Do you use a form of Management By Objectives System (MBO)?

2. Do you use formal appraisal methods other than MBO, such as:

(1) Classifications of performance factors, i.e., Quality -- Good, Fair, Poor

| EXEMPT                   |                          |                             |                             |                |       |          | NON-EXEMPT                  |       |
|--------------------------|--------------------------|-----------------------------|-----------------------------|----------------|-------|----------|-----------------------------|-------|
| EXECUTIVE<br>SENIOR MGT. | EXECUTIVE<br>MIDDLE MGT. | EXECUTIVE 1ST<br>LEVEL MGT. | PROFESSIONAL<br>& TECHNICAL | ADMINISTRATIVE | SALES | CLERICAL | PRODUCTION &<br>MAINTENANCE | SALES |
|                          |                          |                             |                             |                |       |          |                             |       |
|                          |                          |                             |                             |                |       |          |                             |       |





11. Have federal regulations regarding non-discriminatory personnel practices caused your firm to change prior practices in obtaining and using performance appraisal information? Yes \_\_\_\_\_ No \_\_\_\_\_

Please explain: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

12. Have federal regulations regarding individuals' rights to privacy caused your firm to change prior practices in obtaining and using performance appraisal information? Yes \_\_\_\_\_ No \_\_\_\_\_

Please explain: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

13. Have federal regulations regarding individuals' rights to know recorded information about them caused your firm to alter its policies? Yes \_\_\_\_\_ No \_\_\_\_\_

Please explain: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

14. Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

15. If you would like to receive the results of this survey, please give us your name and address:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_